

matter to the application. Accordingly, Applicants respectfully disagree with the Examiner's rejection based on new matter. However, due to the cancellation of Claims 5-9, Applicants have deleted, as shown in the attached, the new language previously added to Page 5 of the application to overcome the objections to the claim language. The remaining amendments to the specification of pages 6 and 7 still stand and Applicants submit that these amendments do not add new matter to the application.

## II. Claim Objections

The Examiner has objected to Claims 12-13, 15 and 17 for ending with a semi-colon rather than a period, Applicants have made such corrections to Claims 12-13 and 15. Claim 17 was a new Claim added in the last response and does not end with a semi-colon so no such amendment was made to Claim 17.

## III. Claim Rejections

The Examiner has rejected Claims 1-3, 5-17 and 21 under 35 USC 112. Applicants have amended the Claims as set forth below to overcome these rejections.

The Examiner has also rejected Claims 1-3, 5-17 and 21 as being unpatentable over Garman in view of Semple. Applicants have amended Claim 1 to clarify the process of the present invention. The present invention as described in the specification and claimed in Claim 1 first calculates if the trade value at risk exceeds the available margin of the existing portfolio. If the trade value at risk for a proposed trade is less than or equal to the available margin, then the new trade is accepted. If the trade value at risk for a proposed trade is greater than the available margin, the proposed trade is netted with the existing portfolio and a new portfolio value at risk is calculated. The value at risk of the new portfolio with the trade included is now reanalyzed to determine if the new portfolio

value at risk exceeds the credit line or collateral, in which case the trade is rejected. If the new portfolio value at risk is less than or equal to the credit line or collateral, then the new trade will be accepted. This step has the effect of determining the effect of the new trade on the existing portfolio.

Claim 17 discloses the method of determining to what extent, if any, to add a new trade if the new trade has a value at risk that exceeds the available margin. Again, as in Claim 1, the first step is to determine if the new trade has a value at risk that is greater than the available margin. If the value at risk of the new trade is less than or equal to the available margin, then the new trade is accepted. If the system determines that the value at risk for the new trade is greater than the available margin, the system will calculate a value at risk for at least one unit of the new trade. If one unit is calculated to be acceptable, then the system will calculate additional units to determine how many units of the new trade can be added to the existing portfolio. If it is determined that a no units can be added, the new trade is rejected.

Claims 18-20 further define what type of unit of the new trade will be analyzed, for example, the dollar amount, index value or the quantity unit.

New Claim 22 adds the step to Claim 1 of calculating if a portion of the trade could be added to the existing portfolio. If, after the re-netting step, the new trade is rejected, the system will calculate if a portion of the contract can be added to the existing portfolio as claimed in Claim 17.

New dependent Claims 23 sets forth that system is updated at least at the end of each day to update the calculations. Claims 24-26 brings in the elements of the notional trade volume, quantity and commodity that was deleted from the independent Claim 1.

Garman discloses a method of determining the impact of adding or subtracting a product to a portfolio on the market Value at Risk (VAR) of the portfolio. Garman's method uses derivative math to determine the delta portfolio given delta product, and then uses these derivative values in analyzing the impact on the portfolio VAR given possible trade opportunities. Garman's methods address the efficient determination of changes to market VAR. Basically, Garman discusses the determination of VAR.

Applicants understand that Garman discloses the basic method of calculating the value at risk of a new trade to determine if it acceptable to add the new trade to an existing portfolio. Semple discloses a method of order matching and contains broad descriptions of how margining works for futures and commodities trading. Semple also discusses methods to measure the valuation of collateral held.

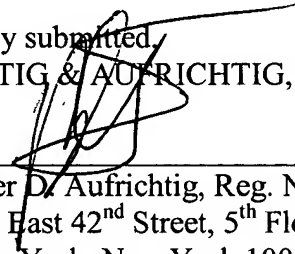
Garman and Semple do not disclose or teach the added elements of the present system. Garman does not show the netting of the new trade with the existing portfolio to calculate a new value at risk for the existing portfolio and then comparing this new value at risk to the available margin. In addition, Garman does not disclose the method of determining if a portion of a new trade could be added to the existing portfolio. This method allows the system to accept part of a new trade so that an entire trade does not have to be rejected.

Applicants submit herewith a Request for Continued Examination with this amendment a request that the final rejection be withdrawn and these amendments and arguments be entered.

If the Examiner is unable to immediately issue a Notice of Allowance in connection with this Application, he is respectfully requested to telephone the undersigned attorney prior to issuing a further Office Action.

Respectfully submitted,  
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